

NOTICE OF INTENT

Department of Health and Hospitals Office of the Secretary Bureau of Health Services Financing

Transplant Services—Reimbursement

The Department of Health and Hospitals, Office of the Secretary, Bureau of Health Services Financing proposes to adopt the following rule under the Medical Assistance Program as authorized by R.S. 46:153 and pursuant Title XIX of the Social Security Act. This rule is in accordance with the Administrative Procedure Act, R.S. 49:950 et seq.

On July 1, 1994 the department adopted the prospective payment reimbursement methodology for inpatient hospital services (referenced in *Louisiana Register*, June 20, 1994 Volume 20, Number 6.) which included specific methodology for the reimbursement of transplant services. The department has determined that systems limitations prohibit the implementation of the transplant reimbursement provision of the prospective payment reimbursement methodology. Therefore, the department proposes to adopt the following rule which re-institutes the Tax Equity and Fiscal Responsibility Act (TEFRA) provisions for the reimbursement of transplant services. An emergency rule was first adopted on this change on April 1, 1995 and subsequently published in the *Louisiana Register* on April, August and December 20, 1995 Volume 21, Numbers 4, 8, and 12.

Proposed Rule

The Department Health and Hospitals, Bureau of Health Services Financing proposes to repeal the reimbursement provisions governing organ transplant services contained in the "Hospital Prospective Reimbursement Methodology" rule referenced in the June 20, 1994 *Louisiana Register* (Volume 20, Number 6) and proposes to adopt the following provisions to govern Medicaid reimbursement for nonexperimental organ transplant services which are prior authorized by the Medicaid Program. Payment is allowable only in accordance with a per diem limitation established for inpatient discharges for organ transplant services reflected for a distinct carve-out unit. Each type of organ transplant service must be reported as a separate distinct carve-out unit cost. Organ procurement costs shall be included in the distinct carve-out unit cost and shall be subject to the per diem limitation. The per diem limitation shall be calculated based on inpatient routine and ancillary costs for the transplant carve-out discharges derived from each hospital's base period. The base period is the first cost reporting period beginning with September 30, 1983 through August 31, 1984 in which an allowable transplant was performed on a Medicaid patient. The base period per diem costs for transplant distinct carve-out units shall be inflated annually using the target rate percentage increase for inpatient prospective payment systems (PPS) exempt hospitals' operating costs established by federal statute and published annually in the *Federal Register*. Reimbursement for transplant distinct carve-out unit services shall not exceed the per diem limitation and no incentive payment shall be allowed. The Tax Equity and Fiscal Responsibility Act (TEFRA) provisions governing exceptions and adjustments for inpatient hospital services shall also apply to the per diem limitation for the reimbursement of distinct carve-out units for organ transplant services. The Medicaid share of each transplant unit's costs subject to the per diem limitation shall be included in the total Medicaid reimbursement at the hospital's cost settlement at fiscal year end.

Interested persons may submit written comments to the following address: Thomas D. Collins, Office of the Secretary, Bureau of Health Services Financing, Box 91030, Baton Rouge, LA 70821-9030. He is responsible for responding to inquiries regarding this proposed rule. A public hearing will be held on this matter at 9:30 a.m., Tuesday, April 23, 1996 in the DOTD Auditorium, 1201 Capitol Access Road, Baton Rouge, LA. At that time all interested parties will be afforded an opportunity to submit data views or arguments, orally or in writing. The deadline for the receipt of all comments is 4:30 p.m. on the day following the public hearing.

Bobby P. Jindal
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES RULE TITLE: Organ Transplant Services Reimbursement Methodology

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

It is anticipated that implementation of this proposed rule will decrease state expenditures for transplant services by approximately \$4,494 for SFY 1994-1995; \$74,916 for SFY 1995-1996; and \$81,002 for SFY 1996-1997.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS
(Summary)

Implementation of this proposed rule will decrease federal revenue collections by \$11,493 for SFY 1994-1995; \$193,407 for SFY 1995-1996; and \$200,474 for SFY 1996-1997.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR
NONGOVERNMENTAL GROUPS (Summary)

Hospital providers of organ transplant services will experience the combined federal and state reductions shown above.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no known effect on competition and employment.

Thomas D. Collins
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